

Coins

Will 'a penny for your thoughts' soon cost 5 cents?

By Roger Boye

IS A PENNY saved a penny earned?

Ben Franklin may have thought so, but the thinking of some persons in the United States Treasury is that a penny just isn't worth saving anymore.

These people, who have been urging the government to stop making the one-cent piece, got some support last month when a consulting firm hired by the U. S. Mint recommended just that: elimination of the cent.

The firm, Research Triangle Institute, had other recommendations for the Mint, including making a smaller-sized dollar coin and eliminating the half-dollar and present larger-sized dollar coin. The proposals received wide publicity when the study was released by Mrs. Mary Brooks, director of the Mint, on Sept. 15.

None of the major proposals surprised coin collecting enthusiasts, however, since they all have been advocated for a long time. Writers in the numismatic press predicted several months ago what the firm's recommendations would be.

Of some surprise, however, was Mrs. Brooks' statement that the Treasury Department would go slow in recommending and making changes in the nation's coinage system. Some coin scholars had thought major changes [such as elimination of the cent] would be made as early as the end of next year.

But Mrs. Brooks says the Treasury Depart-

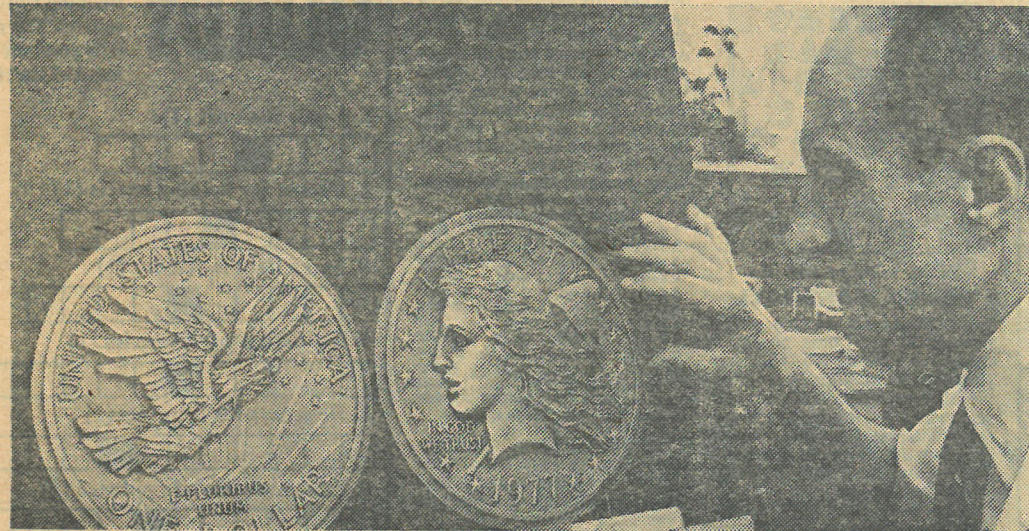
ment has reservations about some of the research firm's surveys, so she is reviewing the firm's methods. In addition, the Treasury is taking its own surveys to determine the public's attitudes toward coin changes. In addition, it will take time to convince Congress, which must approve changes in the coinage system.

The proposal for a smaller-sized dollar coin [and elimination of the present half-dollar and dollar coins] is the most likely to be adopted, especially if it gets the enthusiastic support of the vending machine industry. As the research firm points out, the present half-dollar and dollar coins do not circulate, largely because of their size. The new dollar coin proposed by the research firm would be slightly larger than a quarter.

The proposal to eliminate the cent is likely to meet with the most resistance, because Mrs. Brooks, for one, is already saying she disagrees with some of the research firm's conclusions on this subject.

Doing away with the cent, which has become almost useless and valueless in commerce due to inflation, would reduce coin manufacturing requirements by 60 per cent, the report said, and would not necessarily create more inflation.

"If the nickel becomes the minimum denomination, prices need not increase to the next



A Mint sculptor shows design for a smaller-sized dollar coin.

higher 5-cent increment. Competitive pressures, may, in the short term, cause rounding down as well as up. . . . If transactions are rounded up and down with equal frequency, no net gain or loss will result," the study firm's report said.

Another reason for elimination of the cent is that the copper now in the coin could someday

be worth more than one cent. But the manufacture of an aluminum cent to alleviate this potential problem would not solve the greater problem of the Mint devoting so much of its manufacturing effort to producing an almost valueless coin. Likewise, the report says manufacture of a 2-cent coin would only be a temporary solution.